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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF NATIONAL ESTIMATES

7 October 1955

MEMORANDUM FOR: The Director of Central Intelligence  
SUBJECT : Preliminary Views on Argentina

1. The rebel forces which ousted Peron are still consolidating their position. Political power now rests in the hands of an anti-Peronista military junta. Major General Eduardo Lonardi, a compromise selection by the junta's army and navy factions, heads the caretaker government. Neither his military supporters, nor his predominately civilian cabinet can be clearly identified with any political party, but it is clear from the personalities involved and the policies thus far expounded that the present regime represents a shift to the right in Argentine politics.

2. The junta's immediate problem is to achieve and maintain political stability. Though Lonardi has shown considerable skill in solidifying his position, it is not at all certain that he will continue to head the government, for within the junta his position

NOTE: This memorandum has been coordinated with OGI.

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is threatened by interservice rivalries and by lack of unity over policies and appointments. As long as Lonardi remains Provisional President, Argentina will probably continue to make progress towards the restoration of domestic tranquility and political liberty. Should he fall, however, the army would probably assume direct control and halt these trends.

3. The greatest potential source of trouble for the junta is the powerful General Confederation of Labor (CGT), which was Peron's principal political prop. Lonardi has made a bid for labor support by promising to honor all social benefits and to respect union rights. There is some resistance to his moves to oust the Peronista leaders, but we believe the military will be capable of suppressing any serious labor opposition.

4. Argentina faces government by a military junta for a protracted period. Because of the presently disorganized political situation, it is highly unlikely that Lonardi's promise to hold elections within six or eight months can be fulfilled. First the junta must face the task of dismantling the majority Peronista party. The only anti-Peronista party of any numerical consequence is the Radical Civic Union, a

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middle class, nationalistic party which is badly split and has thus far shown little talent for improvising either parties or coalitions. We believe it will be more than a year before free elections can be held.

5. The present regime, dominated by devout Catholics, hopes to settle the church problem by getting a Concordat with the Vatican. Peron's anti-church policies may be replaced with equally extreme pro-church policies. If this should happen, the government would alienate segments of the Radical party as well as the anti-clerical Socialist party and thus make the return to constitutional government more difficult than ever. The government may try to launch a Christian Democratic movement, but it would probably take at least two years to build it into a majority party.

6. Lonardi has expressed his concern over the problem of Communism and has indicated that his government will not be soft on this issue. It is almost certain that the Argentine Communist Party will oppose the present government, but it is not likely that it will be able to play a determining role in Argentine politics during the next six months. The Communists, however, will almost certainly take advantage of

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7. The regime faces serious economic difficulties. Though the government will almost certainly resist adoption of new measures likely to have inflationary results, we believe that it will be unable to halt Argentina's continuing inflation. Export earnings are insufficient to finance imports essential to meet current needs and economic development projects. The fundamental problem of economic development centers about utilizing primary exports in such a way as to gradually reduce the country's dependence upon them. To solve the problem, the agricultural-pastoral sector of the economy, which deteriorated badly under Peron, will have to be invigorated by the adoption of modern techniques. This will help solve the domestic under-production problem but will probably do little to alleviate foreign marketing difficulties. Thus there is little prospect for an improvement in the balance of payments position. The Lonardi government will probably seek economic assistance from the United States. Though oil imports are the most serious drain on Argentina's dollar earnings, the junta allowed the Standard Oil of California development contract to lapse, and it has given indications that it might pursue a policy of economic nationalism.

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any opportunity to aggravate a crisis situation.

8. Lonardi has expressed a willingness to maintain friendly relations with the United States. However, the presence of strong nationalists in key government positions indicates that the present Argentina government may be unwilling to follow the United States lead in promoting hemispheric solidarity and cooperation. It is not likely that Argentina will pursue pre-revolt overtures for a Military Defense Assistance Pact. Though she will probably continue to support the US on important political questions on which the US and the USSR are opposed, it is unlikely that she will cooperate on international economic problems.

FOR THE BOARD OF NATIONAL ESTIMATES:

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Assistant Director  
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- 5 -

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